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# **Liberia: Short-Term Prospects**

**Special National Intelligence Estimate**

Secret

*SNIE 67-85  
September 1985*

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**SNIE 67-85**

**LIBERIA:  
SHORT-TERM PROSPECTS**

Information available as of 8 September 1985 was  
used in the preparation of this Estimate,  
approved by the National Foreign Intelligence  
Board on 10 September 1985.

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THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL  
INTELLIGENCE.

THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS,  
EXCEPT AS NOTED IN THE TEXT.

*The following intelligence organizations participated in the preparation of the Estimate:*

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*Also Participating:*

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## KEY JUDGMENTS

Liberia's leaders—on the eve of national elections scheduled for October and the launching of the civilian Second Republic in January 1986—face an uncertain political future and certain continued economic decline. We believe the best any Liberian government can hope for during the next 18 months is to move from crisis to crisis in search of patchwork solutions that preserve a facade of political stability and perhaps stave off Liberia's total economic unraveling. Given the uncertain political climate and personal animosities Head of State Samuel Doe has generated, we believe there is a better-than-even chance of his being assassinated or overthrown during the next 18 months, the time frame of this Estimate.<sup>1</sup>

We believe the regime currently intends to complete the transition to civilian rule more or less on schedule. However, we expect the election/transition process to continue to be characterized by widespread chicanery and outright manipulation, and that Doe will have considerable difficulty in the near term reviving his sagging popularity and convincing the opposition to accept the election outcome. Given his past actions, mounting economic woes—including lack of funds to finance the election—and growing concerns by the opposition that they will not have a significant political voice, Doe could shift course dramatically, delaying or canceling elections. Even after elections, any moves toward establishing a more open and democratic political system in the short term are not likely.

Liberia's shaky political and economic prospects have the potential to strain seriously the "special relationship" that historically has characterized US-Liberian relations. Overall, US-Liberian relations are likely to be subject to sudden "crises" during which Monrovia lashes out at the United States for interfering in Liberia's internal affairs, for not providing enough economic help, for taking Liberia for granted, and/or for "not paying enough rent" for US facilities. While Liberians of all political persuasions will continue to look to the United States as their principal patron and benefactor, they also are likely to become increasingly frustrated with what they see as Washington's incessant demands for economic responsibility and reform and "unwillingness" to

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<sup>1</sup> The Department of State does not concur that there is "a better than even chance" that Doe will be overthrown in the next 18 months. The State Department does not believe that the analysis that follows supports such a judgment nor does it permit a quantification of Doe's chances of being assassinated or overthrown. The State Department believes that, barring a dramatic change in Liberia's political dynamics—which the Estimate does not anticipate—or an assassination (which is unpredictable), Doe is likely to survive the next 18 months.

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increase bilateral aid and overcome IMF conditions. As Liberia's economic problems deepen, Liberian nationalism—which almost by definition must take on an anti-American tone—is likely to grow.

US leverage and influence is likely to decrease at a time when Monrovia's demands, expectations, and needs are growing. In an attempt to boost its position vis-a-vis the United States and wring more economic assistance from Washington, Monrovia may attempt to press harder for renegotiating longstanding bilateral agreements. Discussions could center on US interests that now include priority access to the Port of Monrovia and Roberts International Airfield; communications relay facilities for numerous US missions in Africa, Europe, and Latin America; a Voice of America relay station; the OMEGA navigational tracking station; and some \$430 million in private US investment. Although any regime almost certainly will seek to avoid provoking an irreconcilable split with Washington, the negotiating atmosphere is likely to become more contentious as Liberian demands for "fairer compensation" increase.

In our judgment, several factors could act as catalysts for instability:

- *Erratic political leadership.* Whatever Liberia's political framework, we believe Doe will remain a temperamental and impetuous leader given to quick mood changes, spur-of-the-moment decisionmaking, and sudden policy shifts. In our judgment, Doe neither understands nor appreciates the need for political give and take required of democratic politics, and he may well become increasingly intolerant of criticism of his person, policies, and performance as the political stakes are raised and economic prospects plummet.
- *Manipulating the transition.* Slipshod election procedures and constantly changing political rules of the game that always favor Doe and his party will seriously tarnish the credibility of the new government and undermine Doe's personal political legitimacy. The civilian opposition centered in Monrovia is likely to remain poorly organized and poorly placed to directly challenge Doe, but public frustration with Doe's heavyhanded manipulation—possibly combined with student unrest and growing economic hardships—could spark public protests.
- *Military discontent.* The military will continue to be one of the strongest bulwarks supporting the regime and, at the same time, one of the greatest threats to its stability. Most soldiers probably recognize that the Doe government is the best guarantor of its

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corporate interests; however, constantly late pay, ethnic favoritism and nepotism, few opportunities for advancement, "unequal" distribution of economic spoils, and personal rivalries will serve as powerful rallying points for dissident elements plotting a coup. We see no prospect that the military's considerable command and control deficiencies can be overcome in the short run.

- *Faltering economy.* Liberia's economic prospects are likely to remain grim throughout the time frame of this Estimate. We see no chance that Monrovia will be able to meet its international financial obligations fully, initiate and follow through on serious and substantial economic reforms, or put its chaotic economic decision making apparatus in order. Domestic living conditions will continue to deteriorate as the government attempts to pursue Band-Aid solutions that sacrifice longer term recovery in favor of minimizing the risk of immediate domestic unrest. Relations with international and bilateral donors—particularly the IMF and the United States—will come under increasing strain.
- *Foreign interference.* We continue to believe that the threat from Soviet or Libyan meddling—or from any other foreign source—will remain relatively low during the time frame of this Estimate. The Monrovia-initiated break in diplomatic relations will further hamper Moscow from gaining any significant foothold. More likely, Tripoli and Moscow will move on the margins probing for opportunities to "make life difficult" for the United States in Liberia, perhaps by courting student groups or selected figures among Liberia's nascent leftist opposition parties and exiled dissidents.

Doe will remain erratic and impulsive, continuing to vacillate between an "iron fist" strategy and one that maintains a facade of democratic rule that tolerates little serious opposition. We believe the Doe regime stands a better-than-even chance of being overthrown during the time frame of this Estimate. Doe himself will remain particularly vulnerable to assassination attempts, most likely from a lone assassin; an individual claiming to represent a particular tribal group or bearing a personal grudge; or a sudden, violent, hastily organized coup similar to the one that brought Doe to power in 1980.

There are no clear-cut military front-runners to succeed Doe, nor is there evidence of cohesive, well-organized ideological or tribal factions currently plotting against the government. We believe, however, that the military ultimately will play a central role in forming any new government. Although senior officers are better equipped and more committed than junior officers or enlisted men to carry on with

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Liberia's traditional moderate, pro-Western orientations, we have serious reservations about their ability to maintain command and control over the military or society at large. Should junior officers or enlisted ranks take power, we anticipate that their initial actions would focus on settling old scores and ensuring their own economic and political well-being rather than tackling Liberia's substantial problems. Should Doe fall at least partially as a result of public protests and demonstrations, we believe the military could step in and attempt to forge a mixed civilian/military coalition, including current opposition politicians, technocrats, and possibly exile figures.

We believe that US-Liberian bilateral relations could deteriorate in a post-Doe era. Even should avowedly pro-Western leaders come to power with the intention of "solidifying" the special relationship, the political uncertainty following their takeover and unrealistic expectations of forthcoming US economic aid will create potential strains. Moreover, any new regime will feel under immediate pressure to establish its credibility as an independent power and find a quick economic fix—such as moving to their own currency; these imperatives will only further delay serious attention to Liberia's economic problems. Such a regime eventually could find it difficult to resist taking the low road by blaming outside powers for Liberia's economic difficulties. The United States and the IMF would provide tempting and convenient targets.

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## DISCUSSION

### Introduction

1. Liberia's leaders—on the eve of national elections and the launching of the civilian Second Republic—face an uncertain political future and certain continued economic decline.<sup>2</sup> Five years of military rule by 34-year-old Samuel Doe—a master sergeant when he violently seized power in 1980 from the small Americo-Liberian elite that had governed since independence in 1847—has done little to set the stage for the introduction of stable civilian rule or to revive Liberia's flagging economic fortunes. Nevertheless, Doe is intent on manipulating the political process to ensure his continued rule. Domestic uncertainty coupled with Liberian leaders' unrealistic expectations of US assistance almost certainly will make relations with the United States—Liberia's principal benefactor—more difficult and unpredictable during the next 18 months.

### Threats to Stability

#### The Doe Factor

2. For as long as he holds office, President Doe will remain the vulnerable focal point of Liberian politics and the arbiter of Liberia's domestic and international policies. After five years in office, Doe has proved himself above all else a survivor and an unscrupulous political infighter, capable of quickly eliminating potential challengers. Doe draws his power in part from the loyalty of the Armed Forces and in part from his manipulation of a highly personalized political system that surrounds the Head of State with supposedly trusted political and ethnic Krahn loyalists, most of whom are young, poorly educated, and self-serving. Doe's control is reinforced by a patronage system that even during economic hard times continues to afford significant "economic opportunities and rewards" for those who support him.

3. Doe clearly seeks to pattern his rule on the "benevolent authoritarianism" of the late President William Tubman, the grand old man of Liberian

<sup>2</sup> Presidential and legislative elections are slated for October and scheduled to be followed by the inauguration of the Second Republic in January 1986.



*Samuel K. Doe.*

*New Liberian ©*

politics who held office for over 25 years. Just as clearly, however, Doe has yet to acquire Tubman's political skills and personal popularity. Doe remains a temperamental and impetuous leader given to quick mood changes, spur-of-the-moment decisionmaking, and sudden policy shifts.

Doe's

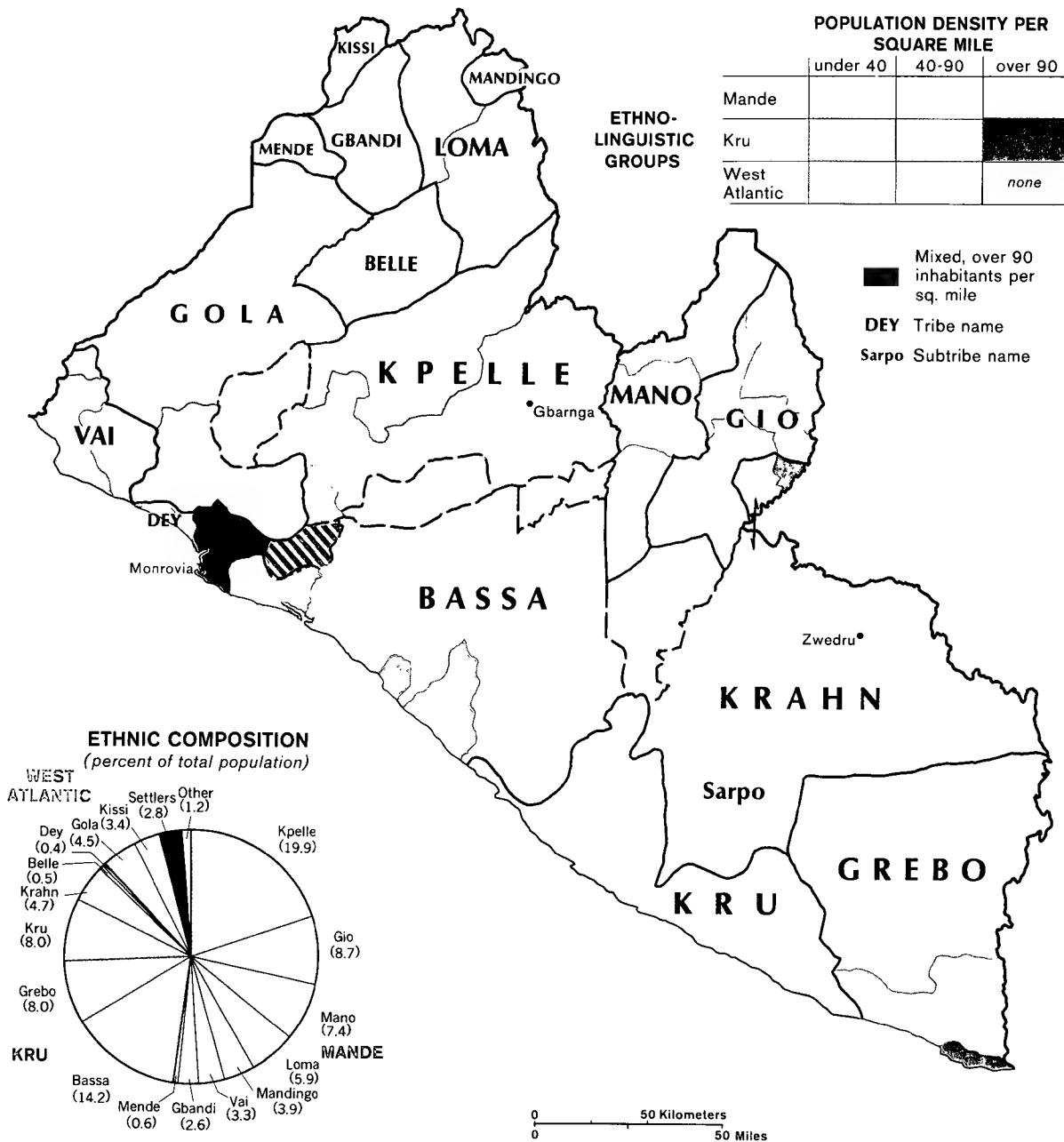
lack of interest in and attention to the details of day-to-day government, his lack of understanding of the magnitude of Liberia's economic difficulties, his unwillingness to take the initiative, and his inability or unwillingness to recognize the longer term implications of his decisions once made detract from the government's already limited ability to set and follow through on a course.

4. We see little prospect that Doe's political style will significantly change under a new political framework and anticipate that Liberia's domestic and international policies will continue to be colored and shaped by the mercurial President's often fast-changing perceptions, moods, and desires. Doe's behavior, in fact, may well become more erratic and unpredictable as the political stakes are raised during the election and transition periods. We do not believe, for example, that Doe either understands or appreciates the need for political give and take required of democratic politics and that, as a consequence, he may well become increasingly intolerant of criticism of his personality, policies, or performance. This sensitivity is

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**Figure 1**  
**Population Density and Ethnic Composition of Liberia**

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likely to be magnified if, as we expect, his popularity continues to fall.

#### **Managing the Transition**

5. Although Doe recognizes the importance the United States attaches to following through on the transition, his government's blatant manipulation of the process thus far has seriously tarnished the credibility of both the election and the transition. The regime's failure to spell out clearly the new political rules of the game, as well as the banning of opposition parties, contributes to an impression that Doe sees the elections as little more than a mechanism for ratifying his appointment as a civilian head of state. Honest logistic difficulties aside, election officials—underfinanced, poorly trained, and uncertain of their mandate and authority—have failed to establish political independence from Doe. As a consequence, opposition parties find themselves "in violation" of constantly changing election procedures.

6. **Doe's Strategy.** Doe probably hopes that he will be able to stage-manage an election—with only nominal opposition—that will boost his popularity, ensure his victory, and legitimize his position as civilian president. Although it is difficult to gauge Doe's popularity throughout Liberia, evidence suggests that he would have difficulty winning a fair election. As such, he must rely on the power and patronage associated with incumbency to solidify support for his candidacy and the National Democratic Party of Liberia (NDPL). At the same time, he will continue to erect—with varying degrees of heavyhandedness—electoral roadblocks to stymie opposition candidates and parties.

7. Although the above represents Doe's ideal strategy, we believe he will not hesitate to clamp down even harder if it appears the opposition is gaining strength or going beyond what he sees as acceptable lines of criticism. Doe already has stated, for example, that he will not permit those espousing broadly defined "socialist" or "Communist" ideologies to stand. In a worst case scenario, Doe could follow through on previous threats to delay or abort the entire process by claiming that Liberia cannot "economically" afford elections or that Liberians are not yet "ready" for democracy. Under this situation, Doe could well be tempted to simply proclaim himself a civilian president, pledging at some future date to democratize the new government.

8. **Opposition Party Strategies.** In our judgment, opposition parties will have little opportunity to seize

the political initiative or raise substantive issues. Given the regime's actions thus far, the opposition appears consigned for the present to react to Doe's moves and to play a cat and mouse game, recognizing that the regime will move quickly to deny it any political voice or platform. Some parties may seek to ally themselves with Doe's NDPL, while others may attempt to play the role of loyal opposition, tempering their criticism of Doe in hopes of gaining at least some influence in a new government. Others may attempt to form a united coalition, although we see little prospect that such a coalition could endure or that Doe would allow it to offer a serious challenge. Ultimately, opposition parties could attempt to totally discredit the process by boycotting the elections.

9. We believe former Foreign Minister Gabriel Baccus Matthews—and his United People's Party—is a pivotal civilian opposition figure, even though the UPP has been banned from all political activity. The ambitious Matthews appears popular among the more politically aware citizenry of Monrovia. Although evidence suggests that Matthews can "call the people into the streets," he thus far has moved carefully, perhaps fearing for his personal safety should he provoke demonstrations that fail to bring down Doe. From this perspective, Matthews may well calculate that his interests are best served by being ready to answer the call after others have overthrown Doe. We note, however, that more radical or impatient supporters in his movement may be alienated by such strategies and could bypass Matthews, taking more risky actions that, in turn, could provoke a political crisis.

10. It should be noted that there are other political figures of stature and potential in Liberia. Among them, Ellen Sirleaf Johnson, a former Finance Minister, and Amos Sawyer, leader of the Liberian People's Party, have followings and could be called on in the event Doe were overthrown.

#### **The Military and Security Forces**

11. Liberia's Armed Forces and security services will remain a powerful interest group and continue to play a central political role even under a civilian constitution. The military, however, does not speak with one voice, and Doe—or his successor—will be unable to please all factions or meet all of the military's demands and expectations. No Liberian leader can take the loyalty of the armed forces for granted.

12. Overall, we anticipate that the Armed Forces will remain both one of the strongest bulwarks supporting the regime and, at the same time, one of the

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greatest threats to its stability. On the one hand, a majority of the armed forces recognize that, within the framework of civilian rule, Doe—as a former soldier—represents the securest guarantor of its corporate interests. Moreover, although poorly articulated, we believe the Liberian military by and large remains a relatively conservative body that fears retribution and a loss of privilege under a non-Doe civilian government. On the other hand, the military has a long list of grievances against the current regime, including late pay, Krahn ethnic favoritism, lack of opportunities for advancement, “unequal” distribution of economic spoils, and personal rivalries and jealousies. Moreover, Doe’s sometimes curious political insensitivity to the military—as evidenced by his recent decision to include the military in a plan to take half a month’s salary from all workers to fund a new nationwide radio network—exacerbates discontent in the Army. These issues call the loyalty of the military into question, and any one of them could serve as a powerful rallying point for dissident elements plotting a coup throughout the period of this Estimate.

13. Although Liberia’s 6,635-man Armed Forces have been at political center stage since the 1980 coup, they remain ill prepared to perform their military mission, let alone play a constructive political role. Among the military’s more glaring deficiencies are:

- An almost total lack of discipline compounded by nepotism, tribal differences, poor training, irregular pay, and little chance for improvement or advancement.
- Inadequate training and supplies that severely restrict its ability to respond to external or internal threats.
- Extremely poor command and control seriously hampers coordination, and routine maintenance is rarely performed. Chronic shortages of spare parts compound the problem.
- Competition between overmanned—but poorly trained—security organizations operating with ill-defined roles and missions. With the exception of the Executive Mansion Guard, none of the special security organizations is equipped to rapidly respond to a serious internal security problem.

14. There is no prospect that these deficiencies can be overcome in the short run. We believe disgruntled factions within the military would have difficulty planning, coordinating, communicating, and supporting a coup that tied its success to decisive and well-

#### The Armed Forces at a Glance

Size	Army Coast Guard Air Reconnaissance	6,105 442 88	Enlisted personnel Warrant officers Commissioned officers	5,657 181 797
				6,635

Organization The armed forces include the Army and the Coast Guard. The air wing is subordinate to the Army. The Army’s major units are six infantry battalions, an armor scout unit, and the Executive Mansion Guard battalion.

The EMG, which includes a Special Bodyguard Unit and a Special Antiterrorist Unit (Israeli trained), and the Military Police have responsibility for presidential security. The Executive Mansion Guard is equipped to carry out its responsibilities, but organizational and disciplinary problems still limit its capability.

Officer Corps About 90 percent of current first and second lieutenants were enlisted men before the 1980 coup. Most captains and above were officers before the coup. Traditional Americo-Liberian domination of the officer ranks is quickly giving way to more diverse tribal representation. Krahns—Doe’s group—dominate certain units, such as the Executive Mansion Guard.

Education Of the total force, only about 500 have a high school or above education; only nine are college graduates.

US Training About 4 percent have received some formal training in the United States, although about 5,000 have been exposed to US training through military training teams. In 1985, 96 officers and enlisted men are scheduled to take part in IMET programs, compared with 55 in 1984.

Israeli Assistance Israel provided a six-week training course in basic counterterrorist techniques. Of 150 initial Liberian participants, 85 completed the course in January 1985. Doe requested further Israeli security assistance following the April 1985 assassination attempt.

timed moves to capture opponents and take and hold positions throughout Monrovia. In addition, the Krahn domination of military intelligence and counterintelligence within the Army serves as a damper against coup plotting. However, given the questionable securi-

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ty surrounding Doe and the inability of the military to respond quickly to challenges, we can envision a scenario in which a relatively small group of officers or enlisted men move with little advance planning to eliminate Doe and topple the government.

### The Economy

15. The transition to civilian rule comes against the backdrop of a seriously worsening economic crisis from which there is no quick or politically painless escape. We believe that, during the time frame of this Estimate, there is no prospect that Liberia will be able to meet its international financial obligations fully, initiate and follow through on serious and substantial economic reforms, or put its chaotic economic decision making apparatus in order. As such, Liberia's relations with international and bilateral donors—particularly the IMF and the United States—are likely to come under increasing strain as Liberian leaders search for economic solutions at no political cost to themselves.

16. Stagnant markets for iron ore and rubber, Liberia's principal exports, and domestic fiscal mismanagement have placed serious strains on the economy. Monrovia's rapidly growing debt arrears are only the starker indicator of Liberia's economic difficulties. Arrears have climbed from \$27 million at the end of 1984 to almost \$80 million at midyear 1985 and may reach almost \$113 million by the end of September 1985. At the same time, the government has proved unable to increase revenues or curb government expenditures significantly. The US Embassy predicts that at best Liberia will have to finance a \$92 million balance-of-payments gap during the 1985/86 fiscal year.

17. Even a partial economic turnaround will be stymied by chronic fiscal mismanagement, inefficiency and corruption, the poor quality of economic advisers, and their unwillingness to make decisions and to convey to Doe the magnitude of Liberia's economic problems. Although recent government commissions—and consultations with the United States—have laid out the stark economic realities and longer term implications of the government's failure to act, Doe and his closest advisers show no sign that they are prepared to implement the painful but necessary remedial measures. As such, the now familiar pattern of stern government edicts to cut spending, reduce payrolls, reorder priorities, and improve revenue collection followed by haphazard implementation is likely to continue. In our judgment, the constantly cited excuse that reforms are impossible during an "election year" will be replaced once the election is over by

claims that the new government must first solidify its grip on power before it can tackle the economic problems.

18. Doe will continue to favor Band-Aid solutions that will allow the government to survive from crisis to crisis and dampen the probability of domestic unrest over more coherent, long-range strategies for economic reform and recovery. Making salary payments, for example, will continue to be a more important priority than curbing government spending or meeting international economic obligations. We believe that, despite the government's commitment to meeting immediate needs, the potential for economically inspired civil unrest during the next 18 months will increase as living conditions for most Liberians worsen. Although we do not anticipate well-organized economic protests, such as general strikes, spontaneous demonstrations—perhaps sparked by rice shortages or salary arrears—have the potential to mushroom and take on a general antigovernment tone. Moreover, although the government is well aware of the 1979 "rice riot" example, we believe the regime would be hard pressed to contain and control a fast-spreading demonstration.

### Vulnerability to Outside Meddling

19. We continue to believe that the threat from Soviet or Libyan meddling—or from any other foreign source—will remain relatively low for the next 18 months. Although Moscow and Tripoli could claim obvious benefits from the weakening of an African nation so closely aligned with the United States, neither, in our judgment, is willing to pledge the resources or make the long-term commitment needed to gain a major influencing role in Liberian domestic affairs. (There is no evidence at present, for example, that there are strong, well-organized, or dedicated pro-Soviet or pro-Libyan elements in Liberia; in addition, the Monrovia-initiated break in diplomatic relations with Moscow will hamper any concerted Soviet effort to gain a significant foothold.) More likely, both Tripoli and Moscow will move on the margins probing for opportunities—perhaps by courting student groups or selected figures among Liberia's nascent leftist opposition parties—to "make life difficult" for the United States in Liberia. In addition, either Libya or the Soviet Union could attempt to take advantage and widen the periodic rifts between Washington and Monrovia that flow from Doe's unpredictable behavior.

20. Although we assess the threat of serious outside meddling as low, the regime is likely to cite Libyan or

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Soviet involvement in any domestic unrest in an effort to wring more assistance from the United States. On the other hand, government leaders and opposition politicians alike also are likely to continue to hint not so subtly that they may have no choice but to turn to other sources if the United States fails to meet Liberia's needs. We expect, in fact, such threats will become more frequent as the government's options for papering over the economic crisis narrow.

#### Near-Term Outlook: Doe Hanging On

21. We see no prospect that Liberia's political climate will stabilize or economic conditions improve during the next 18 months. The problems currently facing the government are likely to fester, and we believe the best the government can hope for is to move from crisis to crisis, pursuing patchwork solutions that preserve the facade of political stability and perhaps stave off economic collapse. As such, Liberia's domestic and international policies will continue to be characterized by sudden zigzags and flash crises, often over issues that on the surface appear relatively insignificant.

22. We believe the regime currently intends to complete the transition to civilian rule more or less on schedule. However, we expect the election/transition process to continue to be characterized by widespread chicanery and outright manipulation, and that Doe will have considerable difficulty in the near term reviving his sagging popularity and convincing the opposition to accept the election outcome. Given his past actions, mounting economic woes—including lack of funds to finance the election—and growing concerns by the opposition that they will not have a significant political voice, Doe could shift course dramatically, delaying or canceling elections. Even after elections, any moves toward establishing a more open and democratic political system in the short term are not likely.

23. As long as Doe holds power, his political style will remain erratic and impulsive. We believe Doe will vacillate between an "iron fist" strategy and one that maintains a facade of democratic rule but tolerates little serious opposition. Ultimately, however, Doe is incapable of crafting and sticking to a longer term governing strategy and he will continue to respond in a spur-of-the-moment and emotional fashion to political and economic issues as they arise.

24. Given the uncertain political climate and the personal animosities Doe has generated, we believe

there is a better-than-even chance of his being assassinated or overthrown during the time frame of this Estimate.<sup>3</sup> Doe will remain particularly vulnerable to assassination attempts, for which we are likely to have little, if any, advance warning. Such attempts are most likely to come from a lone assassin; an individual claiming to represent a particular tribal group or bearing a personal grudge; or a sudden, violent, poorly organized coup similar to the one that brought Doe to power in 1980. The uneven quality of Doe's security services raises the likelihood that an attempt eventually will succeed. At present, we rate the prospect of a more organized coup as a significantly less likely possibility. Plotters—unsure of their ability to carry off a successful coup—could be emboldened to try should Doe embark on any extended foreign travel.

25. Organized civilian opposition will continue to have difficulty seriously challenging Doe and his government. Although tribalism will continue to play a role in domestic politics—especially with the continuing practice of Krahn favoritism—tribal conflict has not reached the proportions it has in other West African countries. In Monrovia, we expect that students will continue to be a thorn in the Doe government's side and that their ability to draw more general support to their causes could serve as a catalyst for widespread disturbances. Likewise, opposition parties have yet to prove that they have the capability to seize and hold the political initiative. Until they show more organizational and leadership skills, we expect they will present a visible but limited threat. Plotting by emigre Liberians will continue, but absent domestic allies will pose little threat.

26. More seriously threatening to the regime, in our judgment, are sporadic and probably spontaneous public protests that—whatever their genesis—have the potential to evolve quickly into anti-Doe demonstrations. Government or NDPL confrontations with students or opposition supporters, for example, could spark more generalized protests in Monrovia. Given the political and economic prognoses, we believe Doe's popularity will continue to slide and that he will find it difficult to resist the temptation to turn to more authoritarian measures to maintain control. Although

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<sup>3</sup> The Department of State does not concur that there is "a better than even chance" that Doe will be overthrown in the next 18 months. The State Department does not believe that the analysis that follows supports such a judgment nor does it permit a quantification of Doe's chances of being assassinated or overthrown. The State Department believes that, barring a dramatic change in Liberia's political dynamics—which the Estimate does not anticipate—or an assassination (which is unpredictable), Doe is likely to survive that next 18 months.

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his security forces probably are marginally capable of handling a small, spontaneous, and short-lived demonstration, a large-scale demonstration—even with a modicum of organization and which lasted for more than a short while—would quickly overtax their limited skills. In particular, we believe the unity of the security forces and the Army could collapse quickly as some overreacted to increasing levels of violence while others joined the protestors.

**Alternative Scenario 1:  
The Doe Regime Falls to the Military**

27. The most serious threat to the Doe regime remains a military takeover, despite the lack of clear-cut military front-runners to succeed Doe and the lack of evidence of cohesive, well-organized ideological or tribal factions plotting against the government. We note, however, the reported renewed political activity of former Gen. Thomas Quiwonkpa, once a Doe ally and popular Chief of Staff purged by Doe following a reported coup plot in 1983. Although difficult to gauge the level of Quiwonkpa's support in the military, we believe he could reemerge—perhaps with support from disgruntled civilian politicians and factions of the Army—as a potential successor. Although conditions could deteriorate to the point where senior officers felt compelled to attempt a takeover, we have serious reservations about their ability to maintain command and control over the military or society at large. Nevertheless, given the lack of education, administrative expertise, and leadership skills in the military, we do not believe a senior-officer-dominated government would prove appreciably better able to make and enforce the difficult economic decisions required, although such leaders are better equipped and more committed to carrying on with Liberia's moderate, pro-Western orientations than junior officers or enlisted men. Moreover, Doe's ouster is likely to bring to the surface tribal tensions—at the very least a strong anti-Krahn backlash—that would further diminish the new regime's ability to maintain order and implement new policies.

28. We believe junior officers or enlisted ranks who might seize power in a move similar to the one that brought Doe to power in 1980 would do so with little appreciation of the magnitude of or strategies for overcoming Liberia's problems. Such a regime, in our judgment, would concentrate its efforts on settling old scores, ensuring their own economic and political well-being, tackling superficial rather than substantive problems, and demanding substantially more economic and political support from the United States. More-

over, such a regime could be tempted to take impulsive action with little thought to longer term consequences as well as being susceptible to "easy solutions" that could include outside promises of economic aid. We cite as possible examples the demand to renegotiate current agreements with the United States or abandon the dollar as Liberia's currency. US ability to influence such a regime would be limited, and we believe the frustration level could rise over time to such a degree that the United States would increasingly find itself being made the scapegoat for Liberia's difficulties.

**Alternative Scenario 2:  
A Mixed Military/Civilian Government**

29. We also believe widespread and sustained public protests and demonstrations in Monrovia could precipitate Doe's fall. Under this scenario, we believe the military could step in and attempt to forge a mixed civilian/military coalition, including current opposition politicians and technocrats. Although we believe such a move would initially enjoy considerable public popularity, competition for control between civilians and the military would emerge almost immediately. Moreover, we believe any initial unity would quickly collapse into bitter rivalries as factions jockeyed for position. Economic reform and responsibility would take a backseat to what would probably prove an extended power struggle. A regime that included leftist civilian opposition figures could also be susceptible to populist/socialist rhetoric and programs.<sup>4</sup>

**US Interests**

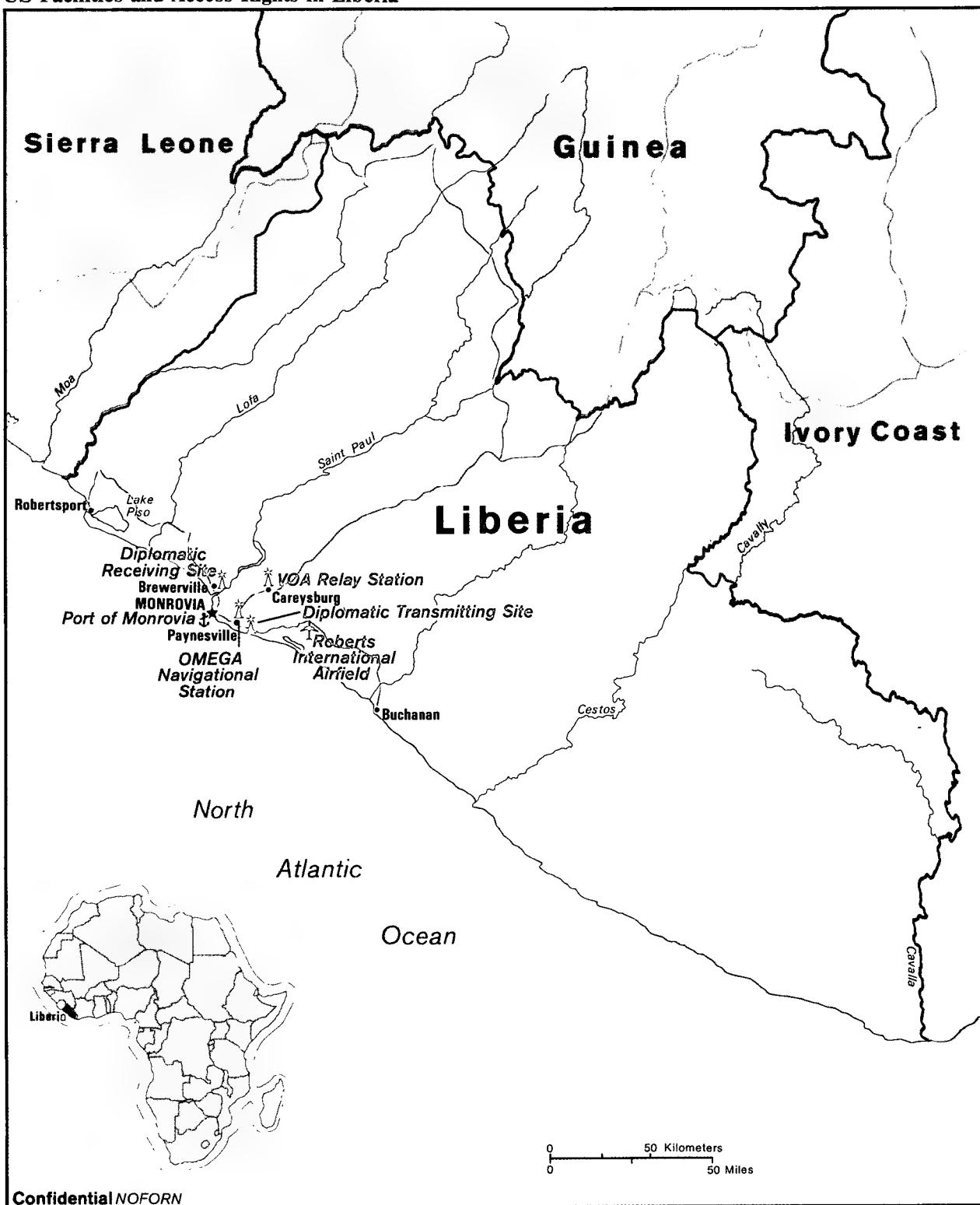
30. The "special relationship" between the United States and Liberia—unique in Africa—dates from the first settlement of American blacks in the late 1820s and has been characterized by close cultural, economic, and political ties that historically has given the United States considerable influence and leverage. Liberians of tribal origin as well as Americo-Liberians continue to look to the United States as a model and patron, and as the one country Liberia can depend on to come to its aid in times of need. Liberians traditionally have valued US advice as well as assistance and have supported US positions in international and regional organizations such as the United Nations and the Organization of African Unity.

<sup>4</sup> The Department of State agrees that a military/civilian government would encounter serious difficulties. It would not necessarily collapse, however, and could eventually lead to a more durable coalition, particularly if encouraged to do so by influential foreign friends of Liberia.

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**Figure 2**  
**US Facilities and Access Rights in Liberia**



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31. Partly as a result of these historically close ties, Liberia now houses the largest and most diverse concentration of US Government assets in Africa. The United States enjoys, for example, access rights and facilities that would be politically impossible and economically costly to duplicate in toto elsewhere in Africa. We do not believe current political sensitivities would allow any other African country to accept the high US profile entailed in establishing extensive communications networks such as currently exist in Liberia.

32. At present the United States, through unpublished agreements, enjoys priority access to the Port of Monrovia and Roberts International Airfield, both built by the United States during World War II. In

US commercial banks continue to dominate Liberian banking. In addition, shipping under the Liberian flag of convenience—66 percent of all foreign-registry US merchant ships fly the Liberian flag—is important to US transportation interests, allowing major savings in taxes and labor costs.

#### **Implications for the United States**

35. We believe the “special relationship” between Monrovia and Washington will come under increasing strain during the next 18 months. First and foremost, Liberians of all political persuasions will continue to believe that the US role as patron and benefactor requires Washington to come to Monrovia’s economic rescue whatever the cost. At the same time, Liberian leaders are likely to become increasingly alert for and sensitive to signs of outside interference in domestic politics.

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36. In our judgment, US leverage and influence with Doe or a successor regime is likely to decrease at a time when Monrovia’s demands for economic help and support are increasing. While any regime almost certainly will seek to avoid provoking an irreconcilable split with Washington, the negotiating atmosphere is likely to become more contentious. In particular, we believe Liberian leaders will become increasingly frustrated with what they see as Washington’s unwillingness to overcome IMF conditions and to increase economic assistance to an important “African ally.” This frustration will be compounded as the gap between Washington’s demands for economic responsibility and reform and Monrovia’s economic performance widens. We anticipate a rise in Liberian nationalism—which almost by definition must take on an anti-American tone—as Monrovia recognizes that it has no choice but to listen to and at least attempt to respond to Washington’s concerns.

33. Other US interests in Liberia include a Voice of America (VOA) relay station that broadcasts all of VOA’s programming to Sub-Saharan Africa. Technical reasons require a West African location for the transmitter, which would cost as much as \$60 million and take at least five years to replace. Liberia also now operates and maintains—points of considerable prestige to the government—the OMEGA navigational tracking station, which operates in conjunction with six other stations located in other parts of the world. While OMEGA will be phased out between the late 1980s and 2010 and be replaced with a worldwide satellite system, until then, the 700-acre (3 square kilometer) site outside Monrovia will continue to be a critical part of the worldwide network serving ships and aircraft of all nationalities. The United States continues to fund the Liberia station completely. Its loss would seriously curtail OMEGA service to both the North and South Atlantic. Construction of a replacement station would cost \$10-12 million and would take one to two years.

34. Private US economic investment in Liberia—estimated at some \$430 million and concentrated in the iron ore and rubber industries—is second only to Nigeria in black Africa. Thirty percent of Liberia’s total imports in 1981 came from the United States, and

37. As long as Doe holds office, these growing strains are likely to be manifest in sudden “crises,” not dissimilar from those in the past. We believe, for example, that Doe will continue at times to lash out at Washington for “undermining” his presidency, for not providing enough economic help, for “taking advantage” of Liberia, and/or for “not paying enough rent” for US facilities. Whatever the ostensible cause, Doe is likely to continue to believe that he can quickly threaten, back off, and then paper over differences with no adverse consequences. Although we believe this will remain the standard pattern of a Doe civilian presidency, we believe heightened political tensions coupled with economic decline increase the possibility

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that Doe could be moved to take more precipitate action with longer term consequences.

38. We believe that, in the short run at the very least, US-Liberian bilateral relations could deteriorate in a post-Doe era. Even if avowedly pro-Western leaders come to power with the intention of "solidifying" the special relationship, the political uncertainty following their takeover and unrealistic expectations of forthcoming economic aid will create potential

strains. Moreover, any new regime will feel under immediate pressure to establish its credibility as an independent power and find a quick economic fix—such as moving to their own currency; these will only further delay serious attention to Liberia's economic problems. Such a regime eventually could find it difficult to resist taking the low road by blaming outside powers for Liberia's economic difficulties. The United States and the IMF would provide tempting and convenient targets.

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**ANNEX A**  
**LIBERIA'S ECONOMIC DILEMMA**

1. Like most African nations, Liberia has a dual economy, with a "modern" sector operating alongside subsistence agriculture. Liberia's modern sector consists largely of foreign-owned iron ore mines, rubber plantations, banks, and insurance companies, together with small domestic commercial and industrial operations.

2. Unlike most African nations, however, this modern sector encompasses a surprisingly large share of society. According to the US Embassy, more than 40 percent of Liberia's 2.2 million people are in the modern sector, compared with 25 percent for the rest

of Africa. As a consequence, the problems that have plagued Liberia's economy in the past half dozen years—whether caused by adverse external conditions or ill-conceived domestic policies—hit wide and deep.

3. The most striking development in Liberia's economic picture in the past several years is the rapid falloff in total export earnings from a peak of \$613 million in 1980 to \$434 million last year. Liberia's open economy depends on mineral and agricultural exports; after a brief commodities "miniboom" in the mid-1970s, prices for these exports tumbled with the onset of recession in the early 1980s in Liberia's primary

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**Liberia: Selected Financial Indicators <sup>a</sup>**

	1979	1980	1981	1982	1983 <sup>b</sup>	1984 <sup>b</sup>	1985 <sup>b</sup>	1986 <sup>b</sup>
<i>Million US \$</i>								
Exports (f.o.b.)	537	600	529	477	428	426	416	417
Iron ore	290	310	331	313	267	246	232	224
Rubber	88	102	89	51	73	78	79	84
Diamonds	40	34	23	26	17			
Timber	50	65	37	33	26			
Coffee	27	33	19	23	19			
Other	42	56	31	31	26			
Imports (f.o.b.)	458	478	412	370	367	379	351	371
Trade balance	79	122	117	107	61	47	65	46
Current account	-132	-101	-77	-45	-51	-85	-64	-92
Gross foreign reserves (year end)	55	5	8	6	20	3		
Disbursed debt	510	613	725	795	905	928	983	1,056 <sup>c</sup>
<i>Percent</i>								
Real GDP growth	3	-4	-1	-9	-8	-4	-3	-2
GDP deflator	10	9	1	1	1	3	2	2
Debt service ratio percent of exports	14	6	7	7	13	24	35	46

<sup>a</sup> Data may not add to total shown because of rounding.

<sup>b</sup> Projections are based on CIA economic model of Liberia and assume a continuation of the present economic prices.

<sup>c</sup> Including US \$25 million under an oil facility refinanced with debt to London Club banks.

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European and American markets. IMF data show that the prices for Liberia's key iron ore, rubber, and timber exports are down 12, 23, and 17 percent, respectively, from their 1980 highs.

4. Liberia's export performance also has been hit by the direct ties between the Liberian and US dollars. Under normal circumstances, ties to the dollar are stabilizing, but the 45-percent real appreciation of the Liberian dollar since June 1979 has severely weakened export-sector profits. We estimate that Liberia's real GDP has declined by almost one-fourth and real per capita GDP by one-third since 1979.

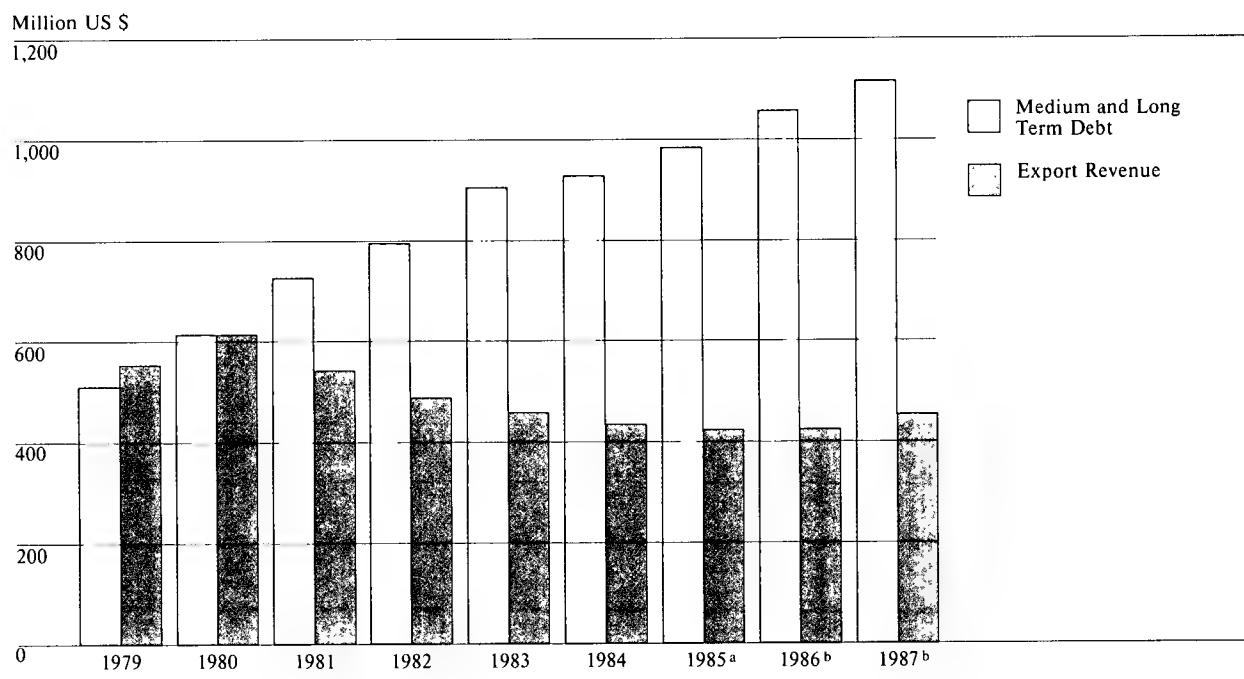
5. Both the Tolbert and Doe governments' misguided economic policies must share the blame for Liberia's current precarious financial position. Massive foreign borrowing to cover lavish expenditures associated with the July 1979 Organization of African Unity conference in Monrovia increased Liberia's foreign debt by 50 percent to \$510 million at the same time its ability to service debt through exports was declining (see figure 3). Further, since Doe came to power, sluggish revenue collections, growing government

wages, and the cycle of rising debt service (see figure 4) have forced Liberia to sustain a high level of foreign borrowing to cover its own budget deficits. Indeed, just to service its debt, the government virtually exhausted its foreign exchange reserves last year—as of June 1984, the National Bank of Liberia had only \$2.5 million on hand, according to Embassy reporting.

6. We expect Liberia's financial crisis to deepen. Preliminary IMF data for the Liberian 1984/85 fiscal year, which ended in June, show a rapidly deteriorating situation:

- Only \$192 million was collected in revenues against a target of \$245 million. This was mostly consumed by the government's expanded payroll, which totaled \$125 million.
- Government spending of \$389 million that includes an additional \$48 million, mostly to meet "unidentified expenditures."
- The government had to repatriate nearly all of the \$50 million of revenues earned through ship

**Figure 3**  
**Liberia: Foreign Debt and Export Revenue**

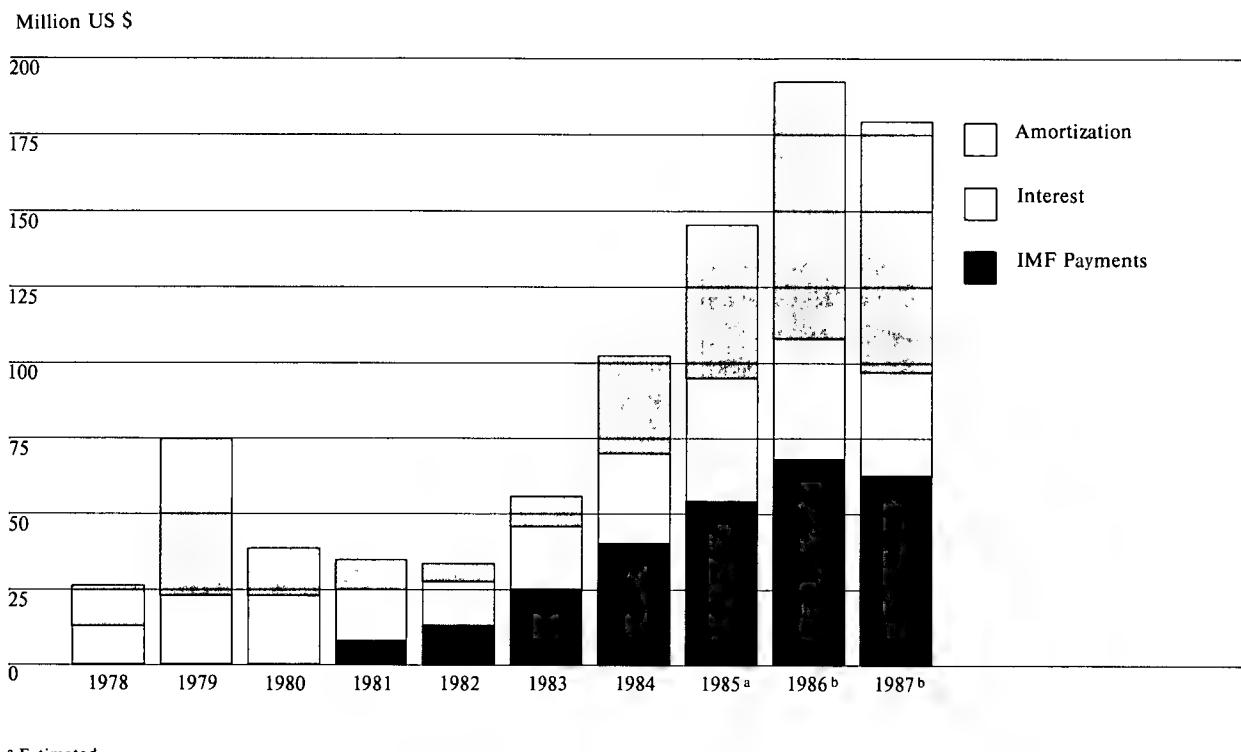
<sup>a</sup> Estimated.<sup>b</sup> Projected.**Confidential**

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**Figure 4**  
**Liberia: Medium- and Long-Term Debt Service**

<sup>a</sup> Estimated.<sup>b</sup> Projected.**Confidential**

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registry, mining royalties and rubber concession taxes, and stumpage fees that are paid abroad.

- The government amassed domestic arrears of \$101 million to vendors, parastatals, and to civilian and military personnel.
- Arrears on external obligations rose from \$23 million on 31 December 1984 to almost \$80 million as of 30 June.

7. In our judgment, these problems will worsen over the next year. Although the IMF and the Liberian Government project FY 1985/86 revenues at \$225 million, inflows are currently averaging only \$13 million a month. Less offshore revenue will be available, according to the US Embassy, because maritime revenues have been mortgaged through early 1986 and mining royalties and rubber concession taxes through 1985. Moreover, Liberia's \$41 million in arrears to the IMF make discussions on a new standby agreement impossible. Liberia's record of arrears to the fund is similar to that of Vietnam, Guyana, and Nicaragua, and Liberia may be formally declared ineligible to use IMF resources.

8. If this occurs, Monrovia will be required to pay off all arrears to the IMF, and a special IMF board meeting will be necessary for the country to again be eligible to receive IMF credit. We estimate that arrears to the IMF could reach \$59 million by the end of 1985. Other multilateral lending organizations such as the World Bank and the African Development Bank already have suspended project assistance due to the accumulated arrears. Commercial banks and other bilateral lenders will also view the Fund's action as a signal to further reduce official and private lending to Liberia. Banking sources report US banks have already begun to cut lines of trade credit to the private sector in Liberia.

9. If these revenue and spending trends continue, Liberia will be faced with a government deficit of at least \$164 million in FY 1985/86. In our judgment, international banks and trade financiers will not provide that level of credit. The result is likely to be mounting arrears and more desperate Liberian requests for comprehensive debt rescheduling and increased foreign aid.

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10. Barring such financial restructuring, the Doe government could try something drastic and ill conceived. The government has begun to release a portion of the \$20 million in \$5 Liberian coins held by the National Bank of Liberia. Given the political pressure to bring government salaries current and the need to increase liquidity in the banking sector, the government may be tempted to release additional coins. If the temptation proves too great, the government will solve one problem but create many more.

11. The addition of \$20 million in new coins would reduce the value of the \$32 million already in circulation. As a result, prices denominated in Liberian dollars would rise. Capital flight would increase, and the Liberian dollar would trade at an increasing discount, in effect, severing the link between the US and Liberian dollars. Moreover, if the injection of new

coins causes prices to double, we estimate the real GDP will decline by more than 11 percent in both 1986 and 1987. Stagnant exports and declining domestic revenues would cause the fiscal deficit for 1986 to increase from \$160 million to more than \$255 million.

12. With its currency no longer tied to the US dollar, the government would be forced to manage an independent monetary system. The actual economic effects of switching to a local currency would depend to a great extent on the management of the transition. Liberia's present fiscal crisis, its lack of economic expertise, and the present political uncertainty indicate that the transition would be chaotic. It would result in rapid inflation, commodity smuggling, capital flight, and massive subsidization in order to control the price of food—a veritable Pandora's box of economic problems the Doe government is ill equipped to handle.

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